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Industrial Development Board

Twenty-first session

SUMMARY RECORD OF THE 4th MEETING

Held at the Vienna International Centre, Vienna,
on Friday, 25 June 1999, at 3 p.m.

President: Mr. REGUIEG (Algeria)

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The meeting was called to order at 3.15 p.m.

INTRODUCTION OF DRAFT DECISIONS (IDB.21/L.2-L.5 and L.8-L.16)

1. **The PRESIDENT** said that a number of draft decisions, most of which had been discussed in informal consultations under the chairmanship of Mr. Yakis (Turkey), were before the Board.

2. **Mr. YAKIS** (Turkey), speaking as chairman of the informal consultations, said that the draft decisions before the Board on items 4, 5, 6 and 9 were the work of only two meetings, both of which had been characterized by flexibility and a spirit of compromise.

3. **The PRESIDENT** said that he was submitting the draft decisions approved in the informal consultations as drafts of the President.

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 1998 ON THE ACTIVITIES OF THE ORGANIZATION (*continued*) (IDB.21/10, IDB.21/11, IDB.21/12)

4. **The PRESIDENT** said that no draft decision had been submitted under the item. He proposed that the Board should take note of the documentation provided by the Secretariat on the subject.

5. *It was so decided.*

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE (*continued*) (IDB.21/14)

(a) INTERIM FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1998-1999 (*continued*) (IDB.21/9, IDB.21/11, IDB.21/12)

(c) MEDIUM-TERM PROGRAMME FRAMEWORK, 2000-2003 (*continued*) (IDB.21/13; IDB.21/CRP.7)

(h) COST-SHARING ISSUES WITH VIC-BASED ORGANIZATIONS (*continued*) (IDB.21/5)

6. **The PRESIDENT** said that no draft decisions had been submitted under sub-items (a), (c) and (h). He proposed that the Board should take note of the documentation provided by the Secretariat.

7. *It was so decided.*

(b) PROGRAMME AND BUDGETS, 2000-2001 (*continued*) (IDB.21/7; IDB.21/CRP.6; IDB.21/L.10)

8. **The PRESIDENT** drew attention to draft decision IDB.21/L.10.

9. **Mr. ORTIZ** (Spain), supported by **Mr. PITTALUGA FONSECA** (Uruguay), noted that table 1 in document IDB.21/CRP.6 contained a reference to a possible reduction of $52,200 in the area "PMO Language and Documentation". Spain was a firm advocate of multilingualism and strongly deplored the trend towards the exclusive use of English in international organizations. He therefore urged the Director-General to ensure that no budget reductions were applied in the area of language services.

10. **The PRESIDENT** said that the Secretariat had requested him to inform the Board that any budget reductions resulting from the adoption of draft decision IDB.21/L.10 would not affect translation and interpretation services.

11. **Mrs. QUINCY** (France) supported the representative of Spain's comments. On the understanding that the budget reductions would not adversely affect the quantity and quality of the interpretation and documentation provided or the principle of multilingualism, her delegation could confirm its support for the draft regular budget.

12. **Mr. BAN Ki-moon** (Republic of Korea), speaking on behalf of the Asian Group, said that the Group had expressed the view that the budget for the next biennium should be adopted in the form originally proposed by the Director-General. However, it understood and respected the position of the Government of Japan and believed that the achievement of consensus was also important. He commended the representative of Japan for his efforts in securing his Government's approval for the adoption of the draft regular budget.

13. **Mr. IKEDA** (Japan) said that it was the representative of the European Union who, at the session of the Programme and Budget Committee, had requested the Director-General to explore ways and means of improving the efficiency of the budget, thereby triggering the process that had culminated in the consensus reached at the current session of the Board.

14. *Draft decision IDB.21/L.10 was adopted.*

(d) SCALE OF ASSESSMENTS FOR APPORTIONMENT OF THE REGULAR BUDGET EXPENSES (*continued*) (IDB.21/3; IDB.21/L.2)

15. **The PRESIDENT** drew attention to draft decision IDB.21/L.2.

16. *The draft decision was adopted.*

(e) WORKING CAPITAL FUND FOR THE BIENNIUM 2000-2001 (*continued*) (IDB.21/2; IDB.21/L.3)

17. **The PRESIDENT** drew attention to draft decision IDB.21/L.3.

18. *The draft decision was adopted.*

(f) INDUSTRIAL DEVELOPMENT FUND AND OTHER VOLUNTARY CONTRIBUTIONS (*continued*) (IDB.21/8; IDB.21/L.4)

19. **The PRESIDENT** drew attention to draft decision IDB.21/L.4.

20. *The draft decision was adopted.*

(g) FINANCIAL SITUATION OF UNIDO (*continued*) (IDB.21/4; IDB.21/L.5)

21. **The PRESIDENT** drew attention to draft decision IDB.21/L.5.

22. *The draft decision was adopted.*

(i) **PROPOSALS FOR THE APPOINTMENT OF AN EXTERNAL AUDITOR** (*continued*) (IDB.21/6; IDB.21/L.16)

23. **The PRESIDENT** drew attention to draft decision IDB.21/L.16 entitled "Appointment of an external auditor".

24. **Mr. BENMOUSSA** (Morocco) said that his delegation had no objection to the adoption of draft decision IDB.21/L.16. However, it wished to record its view that when the time came to appoint the next External Auditor the successful candidate must be drawn from the developing world, and preferably from the African Group.

25. **Mr. FREEMAN** (United Kingdom) said it was his delegation's view that external auditors should be chosen exclusively on the basis of their professional competence. Considerations of geographical rotation should have no bearing on the choice of candidate.

26. **Mr. BAN Ki-moon** (Republic of Korea), speaking on behalf of the Asian Group, said it was to be hoped that the spirit of cooperation and flexibility shown by Pakistan in taking the difficult decision to withdraw its candidate would serve as an example for the future.

27. **Mr. UMER** (Pakistan) said that his delegation's decision to withdraw its candidate had indeed been a difficult one. It therefore strongly resented the implication of the remarks of the representative of the United Kingdom that competence was confined to one region of the world. His delegation fully subscribed to the view that professional competence must be the sole criterion applied in choosing an External Auditor. It went without saying that neither Pakistan nor Ghana would have nominated candidates whose competence was in doubt. For too long the criterion of competence had been invoked to debar highly qualified candidates from developing countries from assuming their rightful positions in the Secretariat. It must be clearly understood that Pakistan was withdrawing its candidate, not because it regarded the German candidate as more competent than its own, but in a spirit of good will and as a supreme act of cooperation, given the very strong interest expressed by Germany in continuing with the external auditorship for a further two years.

28. **Mr. IKEDA** (Japan) said that his delegation was inclined to support the view expressed by the representative of the United Kingdom, but acknowledged that competence was determined by personal qualities rather than by geographical origin.

29. **Mr. BENMOUSSA** (Morocco) said that his earlier remarks had been made in the conviction that extremely competent candidates were to be found in the developing world. He thus entirely agreed with the representative of the United Kingdom that professional competence must be the first criterion. The hierarchy of criteria for recruitment within any staff area in the common system comprised, first, competence and integrity; secondly, equitable geographical distribution; and thirdly, gender balance. Ghana and Pakistan had withdrawn their candidates, not because their candidates were less competent, but in the overriding interests of the Organization. Furthermore, if the African Group's candidate was competent to act as a United Nations auditor, it was hard to see why he should not be competent to act as auditor of one of its agencies.

30. More important still, while competence was not geographically determined, still less was it the monopoly of one geographical region. The words "less developed" were applicable to countries, but not to people. The constructive spirit shown by Ghana and Pakistan in withdrawing their candidates deserved to be recognized at its true worth.

31. **Ms. AGGREY-ORLEANS** (Ghana) said that her delegation was very happy to support the draft decision contained in document IDB.21/L.16. That being said, competence and merit were taken for granted: no one would seek to appoint an External Auditor who was not qualified or competent. Ghana had submitted the candidature of its Auditor-General in the firm conviction that he had the qualifications, skill and experience needed to discharge his functions with distinction. It had withdrawn his candidature in a spirit of compromise and accommodation and in the wider interest of the Organization. It hoped that spirit of flexibility would continue to characterize all the Board's future actions, and thus supported the statements made by the representatives of Morocco, the Republic of Korea and Pakistan.

32. **Ms. REDDY** (India), speaking on behalf of the Group of 77 and China, said that at the start of the session the Group of 77 had expressed the hope that the next auditor would be a candidate from the developing world. It thus supported the statements made by the representatives of Pakistan, Ghana, Morocco and the Republic of Korea, and expressed the hope that the next time the Board came to select an external auditor the same spirit of cooperation, flexibility and consensus would prevail as had been demonstrated at the present session, without prejudice to the criteria of merit and competence.

33. **Mr. NUR** (Sudan), having congratulated the German delegation on the reappointment of its candidate and commended the delegations of Pakistan and Ghana for the

spirit of cooperation and flexibility they had shown, said that the fact that the Board had extended the current auditor's appointment made the previous speakers' remarks concerning future candidates all the more pertinent.

34. **Mr. BOJANG** (Observer for Gambia) said that, as agreement had already been reached on a candidate for the post of External Auditor, any discussion on subsidiary aspects of the question should be closed.

35. **Mr. ORTIZ** (Spain) said that, like Pakistan and Ghana, whose flexibility he appreciated, Spain had withdrawn its candidate for the post of External Auditor. He was convinced that all the candidates presented were of the highest competence and that the Board would in future years continue to appoint persons of the highest qualifications for that office.

36. **Mr. HAMEDANI** (Islamic Republic of Iran) said that he supported the adoption of the draft decision under discussion and concurred with the statement made by India on behalf of the Group of 77 and China.

37. *The draft decision was adopted.*

38. **Mr. BORCHARD** (Germany) said that he was grateful to the representatives of Ghana, Pakistan and Spain for their flexibility in withdrawing their candidates for the post of External Auditor. In a transitional period, continuity of tenure in the office of External Auditor was important because of changes in structure, changes in the scope of financial services and reform of the accounting system, and also in order to conclude the tasks initiated by the External Auditor in the Panel of External Auditors for the United Nations, the specialized agencies and IAEA.

39. However, the External Auditor from Germany would not be applying for an extension after the biennium 2000-2001.

40. He was convinced of the quality of the candidates who had withdrawn and would report accordingly to his authorities.

(j) IMPLICATIONS OF THE EURO FOR UNIDO (*continued*) (IDB.21/29; IDB.21/L.14)

41. **The PRESIDENT** drew attention to draft decision IDB.21/L.14.

42. **Mr. BENMOUSSA** (Morocco) said that he did not object to the adoption of the draft decision, but drew attention to an error in the French translation of subparagraph (e).

43. **Mr. BORCHARD** (Germany), supported by **Mr. NUR** (Sudan), proposed that the words "to be convened on 29 November 1999" should be inserted after the words "Industrial Development Board" in the second line of subparagraph (e).

44. *It was so decided.*

45. *Draft decision IDB.21/L.14, as amended, was adopted.*

PROGRAMMATIC REVIEW, INCLUDING SYSTEM-WIDE ISSUES (*continued*) (IDB.21/15, IDB.21/18 and Add. 1, IDB.21/20, IDB.21/21, IDB.21/23, IDB.21/26 and Corr.1, IDB.21/27; IDB.21/L.13)

46. **The PRESIDENT** drew attention to draft decision IDB.21/L.13 on "Implementation of the Business Plan in Latin America and the Caribbean".

47. *The draft decision was adopted.*

FINANCING OF THE INTEGRATED TECHNICAL COOPERATION PROGRAMMES IN DEVELOPING COUNTRIES (*continued*) (IDB.21/17; IDB.21/L.11)

48. **The PRESIDENT** drew attention to draft decision IDB.21/L.11

49. *The draft decision was adopted.*

FIELD REPRESENTATION (*continued*) (IDB.21/19)

50. **The PRESIDENT** said that no draft decision had been submitted. He proposed that the Board should take note of the documentation provided by the Secretariat.

51. *It was so decided.*

PERFORMANCE INDICATORS AND EVALUATION (*continued*) (IDB.21/24)

52. **The PRESIDENT** said that no draft decision had been submitted. He proposed that the Board should take note of the documentation provided by the Secretariat.

53. *It was so decided.*

ADMINISTRATIVE MATTERS (*continued*) (IDB.21/16; IDB.21/L.12, L.15)

54. **The PRESIDENT** drew attention to draft decision IDB.21/L.12 on "Personnel matters".

55. **Mr. BENMOUSSA** (Morocco) said that he had no objection to the draft decision but pointed out that paragraph 5 of Article 11 of the UNIDO Constitution, which was referred to in subparagraph (c) of the draft decision, made no reference to women. He asked why that paragraph was mentioned.

56. **Mr. AFRASIAB** (Pakistan) said that the low representation of women in the Secretariat and the consequent assurance from the Director-General that corrective measures were being initiated had been a main focus in the preparation of the draft decision. It was understood that paragraph 5 of Article 11 of the Constitution might not be very relevant to the matter covered by subparagraph (b) of the draft decision but that it was relevant to subparagraphs (d) and (e).

57. **Mr. BENMOUSSA** (Morocco) thought that excessively strict adherence to paragraph 5 of Article 11 might lead to the exclusion of women. Gender was a new issue in the United Nations system and had to be taken into account.

58. **Mrs. QUINCY** (France) said that there was no incompatibility between subparagraphs (b) and (c) of the draft decision. She was sure that the Director-General would take account of the criteria set out in paragraph 5 of Article 11 when recruiting women.

59. *The draft decision was adopted.*

60. **The PRESIDENT** drew attention to draft decision IDB.21/L.15, entitled "Administrative matters".

61. **Mr. AGUILAR** (Secretary of the Board) said that Mr. Almeida (Brazil) had now been nominated by the Latin American and Caribbean Group as a alternate member of the UNIDO Staff Pension Committee for the biennium 2000-2001 and that his name would be included in the draft decision. He had been informed that the countries in list D would provide the name of the alternate member nominated by their group at the General Conference session.

62. *On that understanding, draft decision IDB.21/L.15 was adopted.*

PREPARATIONS FOR THE EIGHTH SESSION OF THE GENERAL CONFERENCE (*continued*) (IDB.21/22; IDB.21/L.8)

63. **The PRESIDENT** drew attention to draft decision IDB.21/L.8.

64. *The draft decision was adopted.*

PROVISIONAL AGENDA AND DATE OF THE TWENTY-SECOND SESSION (IDB.21/CRP.3; IDB.21/L.9)

65. **The PRESIDENT** drew attention to draft decision IDB.21/L.9.

66. **Mr. NUR** (Sudan) proposed that a new item on the financing of technical cooperation should be included in the draft agenda.

67. **The PRESIDENT** suggested that that topic should be added as new agenda item 4.

68. *It was so decided.*

69. *Draft decision IDB.21/L.9, as amended, was adopted.*

ADOPTION OF THE REPORT (IDB.21/L.1)

70. **Mrs. KLEIN BALLESTEROS** (Colombia), Rapporteur, introducing document IDB.21/L.1, said that it merely represented the framework of the report. The final version would be compiled in close consultation with the Friends of the Rapporteur and would duly reflect the proceedings of the session.

71. **The PRESIDENT** said that, if he heard no objections, he would take it that the Board wished to adopt the draft report as a whole on the understanding that the Rapporteur would finalize it in consultation with the Friends of the Rapporteur as soon as possible after the closure of the session.

72. *It was so decided.*

CLOSURE OF THE SESSION

73. **Mr. MAGARIÑOS** (Director-General) said that he greatly appreciated the efforts to achieve consensus on the complex issues on the Board's agenda, including the budget, that had been made by the officers and members

of the Board, in particular by the representative of Japan and the regional groups.

74. Thanks to the hard work of the Secretariat and the constructive spirit that had prevailed, in only 18 months the whole Business Plan had been implemented. However, a great deal more time was needed to decentralize the Organization and strengthen its field activities. It was planned to set up the five further regional offices already approved, and later expand the number to ten, as well as to set up others on a cost-sharing basis. In that connection he welcomed the discussions that were going on with the Governments of Morocco, Tunisia and other countries.

75. Another challenge before the Organization was to change the structure of voluntary contributions to fund UNIDO's technical cooperation programme and to increase them. Document IDB.21/CRP.7 analysed the mid-term programme for the years 2000-2003 and showed how UNIDO was embarking on larger and more numerous integrated projects, which it was hoped would have greater impact but would require an increase in voluntary contributions.

76. Between 1990 and 1998 UNIDO had received a total of $270 million in contributions from Governments, or an average of $30 million a year from the principal donor countries. However, about one third of that sum had been used to finance activities such as investment promotion services in the selfsame donor countries. Valuable as such services were, they represented indirect assistance and the funds were not available for programming technical cooperation activities in the field, on which $20 million a year were actually spent. That was why an increase in voluntary contributions was essential.

77. To encourage those contributions the Secretariat needed to provide more transparent information, such as that given in the table in annex I to document IDB.21/CRP.7. Another prerequisite was that the programmes must be effective, and that would be demonstrated at forthcoming sessions when each technical cooperation programme would be introduced by members of the Secretariat from the departments involved.

78. Political will would be needed by Member States to increase their contributions to the International Development Fund. Pledges amounting to $22 million had already been made by Austria, Belgium, Hungary, India, Japan, Luxembourg, the Netherlands and Spain, and he expressed his appreciation to the Governments of those countries.

79. He paid a tribute to Mr. Aguilar (Director and Secretary of the Governing Bodies), who was leaving to take up a post in the United Nations Peace-Keeping Mission in Kosovo, for his excellent work, which would now be continued by Ms. Orlowski.

80. **The PRESIDENT** fully endorsed the remarks of the Director-General. Now that the Member States had shown the will to preserve the Organization, they should demonstrate their determination to develop it. He urged all the Member States to support the Director-General and help him to fulfil his commitments.

81. He expressed his thanks to the Secretariat and all who had contributed to the success of the session.

The meeting rose at 5.10 p.m.